



# MOULIN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

website: <http://www.moulin.com.hk>

<http://www.etnet.com.hk>

## ANNOUNCEMENT OF RESULTS FOR THE PERIOD FROM 1 APRIL 2002 TO 31 DECEMBER 2002

The directors of Moulin International Holdings Limited (the “Company”) are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the period from 1 April 2002 to 31 December 2002 as follows:—

		<b>Period from 1 April 2002 to 31 December 2002 HK\$'000</b>	<b>Year Ended 31 March 2002 HK\$'000</b>
	<i>Notes</i>		
TURNOVER	3	<b>888,753</b>	1,114,799
Cost of sales		<b>(354,185)</b>	(511,722)
Gross profit		<b>534,568</b>	603,077
Other revenue and gains	4	<b>63,587</b>	60,134
Selling and distribution costs		<b>(147,423)</b>	(155,428)
Administrative expenses		<b>(192,445)</b>	(246,580)
Other operating expenses, net		<b>(82,305)</b>	(68,591)
Restructuring costs	5	<b>(10,706)</b>	(8,020)
PROFIT FROM OPERATING ACTIVITIES	6	<b>165,276</b>	184,592
Finance costs	7	<b>(46,541)</b>	(44,105)
PROFIT BEFORE TAX		<b>118,735</b>	140,487
Tax	8	<b>(17,001)</b>	(19,915)
PROFIT BEFORE MINORITY INTERESTS		<b>101,734</b>	120,572
Minority interests		<b>(457)</b>	22,784
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<b>101,277</b>	143,356
DIVIDENDS	9		
Additional final dividend in respect of prior year		<b>148</b>	—
Interim		<b>22,569</b>	28,338
Proposed final		<b>17,673</b>	30,100
		<b>40,390</b>	58,438
EARNINGS PER SHARE (restated)	10		
— Basic		<b>25.16 cents</b>	35.33 cents
— Diluted		<b>25.10 cents</b>	34.28 cents

Notes:

## 1. CHANGE OF ACCOUNTING YEAR END DATE

During the period, the Company and the Group have changed their accounting year end date from 31 March to 31 December, with the first financial period after the change being from 1 April 2002 to 31 December 2002. Accordingly, these financial statements are presented for a period of 9 months rather than for a period of 12 months as was adopted for the immediate past accounting year ended 31 March 2002. Consequently, the comparative figures for the consolidated profit and loss account and related notes are not directly comparable with those of the current 9 month accounting period.

## 2. ACCOUNTING POLICIES

The accounting policies used in the preparation of these financial statements are consistent with those in the annual financial statements for the year ended 31 March 2002 and the Group has changed certain of its accounting policies following its adoption for the first time a number of new & revised Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants.

These SSAPs prescribe new accounting measurement and disclosure practices. The major SSAPs which have had a significant effect on the financial statements are:

- SSAP 1 (Revised): “Presentation of financial statements”
- SSAP 11 (Revised): “Foreign currency translation”
- SSAP 15 (Revised): “Cash flow statements”
- SSAP 34: “Employee benefits”

## 3. TURNOVER AND SEGMENT INFORMATION

Segment information is presented by way of geographical segment. No business segment analysis of the Group’s revenues and results is presented as all the Group’s revenue and results are generated from vertically integrated activities which include the design, manufacture, distribution and retail of optical products.

In determining the Group’s geographical segments, revenues and results are attributed to the segments based on the location of the customers.

The following table presents revenue and results information for the Group’s geographical segments.

### Group

	North America		Mainland China		Asia Pacific (including Hong Kong)		Europe		Corporate		Others		Consolidated	
	Period ended 31 December 2002	Year ended 31 March 2002	Period ended 31 December 2002	Year ended 31 March 2002	Period ended 31 December 2002	Year ended 31 March 2002	Period ended 31 December 2002	Year ended 31 March 2002	Period ended 31 December 2002	Year ended 31 March 2002	Period ended 31 December 2002	Year ended 31 March 2002	Period ended 31 December 2002	Year ended 31 March 2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:														
Sales to external customers	198,707	204,975	185,701	264,230	83,933	107,938	417,295	534,653	—	—	3,117	3,003	888,753	1,114,799
Other revenue	939	1,094	950	1,770	1,763	1,448	26,521	14,050	418	2,194	47	—	30,638	20,556
Total	<u>199,646</u>	<u>206,069</u>	<u>186,651</u>	<u>266,000</u>	<u>85,696</u>	<u>109,386</u>	<u>443,816</u>	<u>548,703</u>	<u>418</u>	<u>2,194</u>	<u>3,164</u>	<u>3,003</u>	<u>919,391</u>	<u>1,135,355</u>
Segment results	<u>18,013</u>	<u>36,509</u>	<u>46,396</u>	<u>88,602</u>	<u>17,977</u>	<u>12,470</u>	<u>43,411</u>	<u>(238)</u>	<u>5,278</u>	<u>6,541</u>	<u>1,252</u>	<u>1,130</u>	<u>132,327</u>	<u>145,014</u>
Interest and dividend income													<u>32,949</u>	<u>39,578</u>
Profit from operating activities													<u>165,276</u>	<u>184,592</u>
Finance costs													<u>(46,541)</u>	<u>(44,105)</u>
Profit before tax													<u>118,735</u>	<u>140,487</u>
Tax													<u>(17,001)</u>	<u>(19,915)</u>
Profit before minority interests													<u>101,734</u>	<u>120,572</u>
Minority interests													<u>(457)</u>	<u>22,784</u>
Net profit from ordinary activities attributable to shareholders													<u>101,277</u>	<u>143,356</u>

#### 4. OTHER REVENUE AND GAINS

An analysis of the Group's other revenue and gains is as follows:

	<b>Period from 1 April 2002 to 31 December 2002 HK\$'000</b>	<b>Year ended 31 March 2002 HK\$'000</b>
<b>Other revenue</b>		
Interest income	32,704	39,482
Dividend income from investments	245	96
Subcontracting income	1,617	907
Management fee income	250	495
Others	14,568	19,154
	<u>49,384</u>	<u>60,134</u>
<b>Gains</b>		
Gain on disposal of subsidiaries	12,897	—
Gain on disposal of short term listed investment	2	—
Waiver of trade payable	1,304	—
	<u>14,203</u>	<u>—</u>
Other revenue and gains	<u>63,587</u>	<u>60,134</u>

#### 5. RESTRUCTURING COSTS

Restructuring costs, comprising compensation for dismissal of workers and staff, removal costs and restructuring advisory fee, were incurred for the restructuring of the Group's distribution business in Europe and North America during the period.

## 6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	<b>Period from 1 April 2002 to 31 December 2002 HK\$'000</b>	<b>Year ended 31 March 2002 HK\$'000</b>
Depreciation	<b>61,544</b>	69,765
Amortisation of intangible assets	<b>7,313</b>	1,750
Amortisation of goodwill	<b>8,728</b>	6,441
Provision for doubtful debts	<b>12,143</b>	11,852
Provision for slow moving and obsolete inventories	<b>2,000</b>	9,857
Unrealised loss on revaluation of long and short term listed investments carried at fair value	—	20
Loss on disposal of intangible assets	<b>926</b>	2,773
Loss/(gain) on disposal of fixed assets	<b>1,404</b>	(701)
Loss on realisation of short term investments	—	3,759
Write back of provision for slow moving and obsolete inventories	<b>(12,402)</b>	—

## 7. FINANCE COSTS

	<b>Period from 1 April 2002 to 31 December 2002 HK\$'000</b>	<b>Year ended 31 March 2002 HK\$'000</b>
Interest on bank loans and overdrafts wholly repayable within five years	<b>39,460</b>	32,841
Interest on bank loans and overdrafts wholly repayable beyond five years	<b>920</b>	1,488
Interest on finance leases and hire purchase contracts	<b>1,848</b>	1,288
Interest on convertible notes	<b>1,740</b>	6,217
Total interest	<b>43,968</b>	41,834
Bank charges	<b>2,573</b>	2,271
	<b>46,541</b>	44,105

## 8. TAX

Hong Kong profits tax has been provided at the rate of 16% (31 March 2002: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Period from 1 April 2002 to 31 December 2002 HK\$'000</b>	Year ended 31 March 2002 HK\$'000
Hong Kong	12,989	12,848
Elsewhere	881	2,373
Underprovision in prior year	249	194
Deferred	2,882	4,500
	<u>17,001</u>	<u>19,915</u>

## 9. DIVIDENDS

	<b>Period from 1 April 2002 to 31 December 2002 HK\$'000</b>	Year ended 31 March 2002 HK\$'000
Additional final dividend in respect of the year ended 31 March 2002	148	—
Interim — HK5.6 cents (31 March 2002 (restated): HK7.0 cents) per ordinary share	22,569	28,338
Proposed final — HK4.4 cents (31 March 2002 (restated): HK7.5 cents) per ordinary share	17,673	30,100
	<u>40,390</u>	<u>58,438</u>

The additional final dividend represents the additional payment of the prior year's final dividend of HK1.5 cents per ordinary share to the new shareholders of 9,903,500 shares registered as members between 31 March 2002 and 6 September 2002, the date upon which members were entitled to the dividend.

The proposed final dividend for the period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

As a result of the consolidation of shares, the comparative amounts of dividends per ordinary share have been restated as if the consolidation had occurred at the beginning of the year ended 31 March 2002.

## 10. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on:

	<b>Period from 1 April 2002 to 31 December 2002 HK\$'000</b>	Year ended 31 March 2002 HK\$'000
	<b>Earnings</b>	
Net profit attributable to shareholders, used in the basic and diluted earnings per share calculations	<b>101,277</b>	143,356
Increase in earnings arising from a saving in interest cost, net of tax (assuming the convertible notes had been converted into shares in the Company at their date of issue)	<u>655</u>	<u>4,914</u>
Adjusted profit attributable to shareholders	<u><b>101,932</b></u>	<u>148,270</u>
	<b>Number of shares</b>	
	<b>31 December 2002</b>	31 March 2002 (restated)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period/year used in basic earnings per share calculation	<b>402,535,166</b>	405,759,695
Weighted average number of ordinary shares assumed issued at no consideration on deemed exercise of all convertible notes outstanding during the period/year	<u>3,563,218</u>	<u>26,724,138</u>
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u><b>406,098,384</b></u>	<u>432,483,833</u>

The above weighted average number of ordinary shares amounts for the current and prior periods have been restated as if the consolidation of shares had occurred at the beginning of the year ended 31 March 2002.

## 11. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Proposed final dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2001:							
As previously reported	205,127	184,246	33,566	(6,019)	908,350	—	1,325,270
Prior year adjustments#:							
SSAP 30 - Restatement to non-current assets section of balance sheet of goodwill on acquisition of associates	—	—	—	—	3,622	—	3,622
Amortisation of goodwill	—	—	—	—	(181)	—	(181)
SSAP 9 - dividend	—	—	—	—	—	20,513	20,513
As restated	205,127	184,246	33,566	(6,019)	911,791	20,513	1,349,224
Exchange realignment and net gains and losses not recognised in the profit and loss account	—	—	—	4,218	—	—	4,218
Final dividend approved for the year ended 31 March 2001	—	—	—	—	—	(20,513)	(20,513)
Repurchase and cancellation of own shares	(4,462)	(20,468)	—	—	—	—	(24,930)
Net profit for the year	—	—	—	—	143,356	—	143,356
Interim dividend for the year ended 31 March 2002	—	—	—	—	(28,338)	—	(28,338)
Proposed final dividend for the year ended 31 March 2002	—	—	—	—	(30,100)	30,100	—
At 31 March 2002 and beginning of period	200,665	163,778	33,566	(1,801)	996,709	30,100	1,423,017
Exchange realignment and net gains and losses not recognised in the profit and loss account	—	—	—	(24,924)	—	—	(24,924)
Exchange fluctuation reserve released on disposal of subsidiaries	—	—	—	(2,357)	—	—	(2,357)
Final dividend approved for the year ended 31 March 2002	—	—	—	—	—	(30,100)	(30,100)
Repurchase and cancellation of own shares	(1,090)	(4,840)	—	—	—	—	(5,930)

Share option exercised	1,309	6,809	—	—	—	—	8,118
Net profit for the period	—	—	—	—	101,277	—	101,277
Additional final dividend for year ended 31 March 2002	—	—	—	—	(148)	—	(148)
Interim dividend for the period ended 31 December 2002	—	—	—	—	(22,569)	—	(22,569)
Proposed final dividend for the period ended 31 December 2002	—	—	—	—	(17,673)	17,673	—
At 31 December 2002	<u>200,884</u>	<u>165,747*</u>	<u>33,566*</u>	<u>(29,082)*</u>	<u>1,057,596*</u>	<u>17,673</u>	<u>1,446,384</u>
Reserves retained by:							
Company and subsidiaries at 31 December 2002	<u>200,884</u>	<u>165,747</u>	<u>33,566</u>	<u>(29,082)</u>	<u>1,057,596</u>	<u>17,673</u>	<u>1,446,384</u>
Company and subsidiaries at 31 March 2002	<u>200,665</u>	<u>163,778</u>	<u>33,566</u>	<u>(1,801)</u>	<u>996,709</u>	<u>30,100</u>	<u>1,423,017</u>

# The prior year adjustments represented change in accounting policies with respect to goodwill and dividend which was disclosed in the Group's annual report for the year ended 31 March 2002.

\* These reserve accounts comprise the consolidated reserves of HK\$1,227,827,000 (31 March 2002: HK\$1,192,252,000) in the consolidated balance sheet.

## RESULTS

Turnover for the nine months under review amounted to approximately HK\$888 million (31 March 2002: HK\$1,114 million). The net profit attributable to shareholders for the nine months was approximately HK\$101 million (31 March 2002: HK\$143 million).

## FINAL DIVIDEND

The directors proposed to pay a final dividend of HK4.4 cents (31 March 2002 (restated): HK7.5 cents) per share for the nine months ended 31 December 2002 to shareholders whose names appear on the register of members of the Company on 26 May 2003.

It is expected that cheques for payment of the final dividend will be despatched to those entitled on or before 10 July 2003.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 May 2003 to 3 June 2003 both days inclusive, during which period, no transfer of shares will be registered.

In order to qualify for the final dividend above mentioned, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Computershare Hong Kong Investor Services Limited at Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00p.m. on 26 May 2003.



## **FINANCIAL REVIEW**

The Group's consolidated turnover for the nine months under review amounted to HK\$888 million (31 March 2002: HK\$1,114 million). Distribution business attributed to 61% of the Group's consolidated turnover. Europe continued to be the dominant market for the distribution business, which accounted for 55% of the Group's distribution turnover.

The gross profit for the nine months under review amounted to HK\$534 million (31 March 2002: HK\$603 million), representing 60% gross profit margin (31 March 2002: 54%). The Group's earnings before interest (excluding bank charges), tax, depreciation and amortisation (excluding interest income) amounted to HK\$207 million (31 March 2002: HK\$220 million) — reflecting strong operations and ample cash flow.

The profit after tax before minority interests for the nine months under review amounted to HK\$101 million (31 March 2002: HK\$120 million). Project to 12 months period would be HK\$135 million. The management believes that the majority of restructuring costs have been reflected in the period under review and are unlikely to recur in the future. The integration of its manufacturing and distribution arms has created substantial synergies resulting in increased European market share and tighter control of its distribution network. After the restructuring period, the business will continue to be supported by the strong fundamentals of the Group.

## **BUSINESS REVIEW**

### **Global Manufacturing-Distribution Integration**

2002 was a challenging year for Moulin; with major operational restructuring going through under the context of a weak worldwide economy. Despite these, the Group has succeeded in finalising the integration of manufacturing and distribution resources, gearing the company for enhanced growth and profitability in year 2003.

#### *Europe*

Although economic conditions were not robust, the Group generally performed well in Europe in 2002. This was due to a sound business strategy and successful positioning in the mid-market segment. Turnover for distribution business in Europe reached HK\$302 million, representing one of the key revenue drivers for the Group. The Italian subsidiary accomplished satisfactory results and started to make contributions. Operating and office redundancies were eliminated as a result of the restructuring process. Product development and fulfillment cycles have been effectively shortened, and design capabilities were enhanced with over 1,000 new designs successfully launched.

#### *United States*

In the U.S., as a step forward to expand its direct sales network, the Group has formed strategic alliance with reputable vision manage care groups and large size retail chains, which represents an additional coverage of over 5,000 retail doors in the market.

In the Asia Pacific region, the Group's efforts over the past few years are beginning to bear fruit. The Group's regional business achieved steady sales growth in 2002, driven by satisfactory performances in the Philippines, Taiwan, Japan, Korea and Thailand, despite the unstable Asian economy. The joint venture in Japan continues to progress according to plan; the products delivered in the last quarter of 2002 were well received by the market. Encouraging signs from the joint venture suggested there could be room for considerable growth in this market, which is expected to make contribution to the Group's earnings in 2003.

### **The PRC Business: Integration of Manufacturing, Distribution and Retailing**

Despite the severe competition in the market, the Group's presence in the PRC retailing business was strengthened in 2002 with the opening of four retail stores in Nanjing (self-owned stores) and Wuxi (franchised stores). There are now 29 stores in the Group's PRC retail chain, America's Eyes. Sales of America's Eyes were HK\$52 million for the reporting period, having successfully established a firm position in the premium market segment in Shanghai. The PRC distribution business has maintained a steady growth. The construction of a new plant in Chaoyang (with a target capacity of 2.4 million pairs of optical frames per annum) has been completed and the production will commence in May 2003.

To facilitate a more efficient use of resources and to integrate various operations, Shanghai Moulin International Holdings Ltd. ("Shanghai Moulin"), a sino-foreign joint stock company, was set up. Headquartered in Shanghai, the company formally obtained its business licence in October 2002. Shanghai Moulin's focus is to build a cohesive operational force that integrates manufacturing, distribution and retailing resources to better serve the PRC market.

### **OEM/ODM Business**

In the OEM/ODM business segment, the Group has successfully secured contracts with major chain accounts. This segment's turnover reached HK\$293 million for the period under review. The management is confident that the OEM/ODM business will continue to generate stable revenues and income for the Group.

## **PROSPECTS**

### **Maximising "fusion benefits" to accelerate long – term growth**

As major acquisitions have been successfully consolidated into the Group and critical mass has been achieved, the Group is proceeding to the next stage of its development roadmap. The management has put in place various measures to maximise the "fusion benefits" of the Group's integrated global manufacturing distribution business to further improve earnings and secure long-term growth. These benefits should become more contributing in 2003.

Capitalising on its comprehensive distribution network and cost-effective production facilities, the Group is negotiating with a couple of internationally renowned brands to enrich its existing brand portfolio. The management is confident that its vertical integration strategy will continue to lead to further licensing opportunities, enabling the Group to dominate the mid-market segment and drive growth in the long term.

## **Expansion in the PRC to generate promising returns**

The Group is committed to accelerating the growth of its PRC retailing business through expansion of own stores and development of the franchising programmes, as witnessed by the successful launch of franchised shops in Wuxi. A further 10-15 franchised shops are to be opened in cities adjacent to Shanghai in 2003. The established retail chain in Shanghai itself will be expanded to include 10 new own stores. The management believes that these investments will enable the Group to ride on the booming PRC economy and generate promising returns.

## **FINANCIAL POSITION**

As at 31 December 2002, the Group had approximately HK\$349 million in cash on hand. The current ratio stood at 2.34, while the ratio of net borrowings over equity improved from 0.59 to 0.56. The ratio was calculated by dividing net bank borrowings (including convertible notes) of HK\$816 million (31 March 2002: HK\$838 million) by the total shareholder's equity of HK\$1,446 million (31 March 2002: HK\$1,423 million).

The retained profits as at 31 December 2002 was exceeding HK\$1 billion, and the shareholders equity was approaching HK\$1.45 billion, which serves as a strong capital base for the Group for future expansion.

On 25 October 2002, the Group signed a loan agreement with a syndicate of 12 international banks and financial institutions to raise a HK\$440 million equivalent revolving credit and term loan facility. The proceeds of the facility has been used (i) to refinance the outstanding amount for the HK\$400 million equivalent syndicated loan facility signed on 22 February 2001 (the "Old Facility"), and after the full repayment and cancellation of the Old Facility, then (ii) to partially redeem the convertible notes of approximately HK\$101 million and (iii) to finance the working capital requirements of the Group.

The Group mainly finances its operation with internally generated cash flows and facilities provided by banks. Taking into consideration the anticipated internally generated funds and the available unutilised banking facilities, the Group believes that it has sufficient resources to meet its foreseeable capital expenditures and working capital requirements.

## **EMPLOYEES**

As at 31 December 2002, the Group had around 4,700 employees worldwide. The remuneration policy and package for the Group's employees are based on their performance, experience and conditions prevailing in the industry. Discretionary bonuses, merit payments and the granting of share options to eligible staff are determined according to the financial results of the Group and the performances of individual employees. Employees are also provided with appropriate training for improved personal development and growth.

## **CODE OF BEST PRACTICE**

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for the period ended 31 December 2002, in compliance with the "Code of Best Practice" as set out in Appendix 14 of the Rules governing the Listing of securities on the Stock Exchange of Hong Kong Limited, except that the non executive directors are not appointed for any specific term of office but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Before the shares consolidation became effective on 9 September 2002 and for the period from 1 April 2002 to 6 September 2002, the Company repurchased 3,414,000 ordinary shares of the Company of HK\$0.10 each through the Stock Exchange at a total cash consideration plus related expenses of approximately HK\$2,017,297 at prices ranging from HK\$0.58 to HK\$0.59 per share. All the shares repurchased have been cancelled accordingly.

After the shares consolidation became effective on 9 September 2002 and for the period from 9 September 2002 to 31 December 2002, the Company repurchased 1,614,000 ordinary shares of the Company of HK\$0.50 each through the Stock Exchange at a total cash consideration plus related expenses of approximately HK\$4,233,459 at prices ranging from HK\$2.450 to HK\$2.875 per share. Of the 1,614,000 repurchased shares, 1,498,000 shares have been cancelled accordingly. The remaining 116,000 shares which were repurchased in December 2002 have not yet been cancelled until January 2003.

The directors considered that it was in the interests of the Company's shareholders to make such repurchases as the price of the Company's shares were relatively low at the time of such repurchases.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises two independent non-executive directors and one non-executive director of the Company.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

The detailed results containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board  
**Ma Bo Kee**  
*Chairman*

Hong Kong, 28 April 2003

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of shareholders of Moulin International Holdings Limited (the “Company”) will be held at 3:30 p.m. on Tuesday, 3 June 2003 at Chater Rooms I, Function Room Level 1, The Ritz Carlton Hotel, 3 Connaught Road, Central, Hong Kong for the following purposes:

1. to receive and approve the audited consolidated financial statements and the reports of the Directors of the Company and the Auditors for the financial period of nine months ended 31 December 2002;
2. to declare a final dividend;
3. to elect directors and to authorise the board of directors to fix the remuneration of the directors;
4. to re-appoint auditors and to authorise the board of directors to fix their remuneration;
5. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

**(A) “That:**

- (a) subject to sub-paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in sub-paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in sub-paragraph (d) below); (ii) the exercise of the subscription rights under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares; (iii) the exercise of the subscription rights under the terms of any warrants issued by the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Bye-Laws of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:—

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:—

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

**B. “That:**

- (a) subject to sub-paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares and warrants, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time), be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares and warrants of the Company purchased by the Company pursuant to the approval in sub-paragraph (a) above during the Relevant Period shall not exceed 10 percent of the aggregate nominal amount of the share capital of the Company in issue and 10 percent of the outstanding warrants of the Company at the date of passing this Resolution and the said approval be limited accordingly; and
- (c) for the purposes of this Resolution:—

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:—

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- C. “**THAT** conditional upon Resolutions 5A and 5B above being passed, the general unconditional mandate as mentioned in Resolution 5A above shall be extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the directors pursuant to such general unconditional mandate of any amount representing the aggregate nominal amount of the share capital repurchased by the Company pursuant to the general unconditional mandate referred to in Resolution 5B above, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.”

By Order of the Board  
**Kan Siu Yim, Katie**  
*Company Secretary*

Hong Kong, 28 April, 2003

*Principal place of business:*

Room 701-4, 7/F Telford House  
16 Wang Hoi Road,  
Kowloon Bay, Kowloon,  
Hong Kong.

*NOTES:*

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the Bye-laws of the Company, vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the office of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from 27 May 2003 to 3 June 2003, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the attendance at the annual general meeting of the Company and the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited at Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 26 May 2003.

Please also refer to the published version of this announcement in *The Standard*.